

STATEMENT OF PURPOSE

RS18620C1

The purpose of this legislation is to reduce the cost of the FY10 Public Schools appropriation and to grant school districts the tools and flexibility they will need to manage a likely reduction in state funding for employee salaries. Provisions related to reducing costs include the institution of a one-year freeze in movement on the state salary reimbursement grid for years of experience. This will prevent automatic state funding for 3.75% raises in FY10 for teachers and administrators currently moving through the grid. Other provisions related to reducing costs include the elimination of the Early Retirement Program, and the capping of the statewide salary index multipliers at the current level, minus the savings accruing by freezing one year of experience movement on the grid. This legislation also reduces costs by reducing the staff allowance for administrative staff from 0.075 per support unit, to 0.715, for a statewide reduction of 35-40 administrators, net of growth. Areas where school districts are being given additional tools for managing a likely reduction in state salary funding include repealing statutory provisions that currently make it illegal to reduce the salary or contract days of experienced teachers, providing that the provisions of labor contracts do not continue past the end of the contract, and granting districts the ability to impose reductions in the event of a financial emergency declared by the state. School districts are given additional flexibility by allowing them to hire only 95% of the state-funded teaching positions, rather than the current 100%, without losing funding. This is known as the use it or lose it feature of the states public school funding formula. The legislation also encourages districts to accommodate reductions in state funding for salaries by either reducing the level of pay, or reducing the number of paid contract days, and requires that any reduction in contract days not result in a reduction of student-teacher contact time.

FISCAL NOTE

The provisions related to freezing one year of experience movement on the state salary reimbursement grid will save an estimated \$6.13 million in FY10. The provisions related to repealing the Early Retirement Program and capping the statewide salary index multipliers will save \$4.0 million in FY10. Reducing the administrative staff allowance will save an estimated \$3.924 million in FY10, for a total direct savings in the bill of an estimated \$14.054 million for FY10. The remaining provisions of the bill do not have a fiscal impact on the state, but will provide school districts with the additional tools and flexibility that they will need to manage a likely reduction in state funding for employee salaries.

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